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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
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## PLANS FOR ADVERTISING SUNKIST FRUIT

Last season was a banner season for the advertising department of the California Fruit Growers Exchange, Los Angeles, from the stand-point of returns on money invested, as reflected in favorable reaction of the public. The acidosis campaign made an especially strong appeal and resulted in the distribution of nearly 190,000 booklets dealing with this subject. This was the largest distribution of any material the Exchange has ever offered to the consumers.

Plans for the advertising campaign of 1928-29 have now been completed and approved by the board of directors. The work will be conducted along the same lines as have been followed for 21 years, with some changes in the details. The first purpose always has been to increase the sales of citrus fruit in general; the second, to increase the demand for California fruit, especially Sunkist; and the third, to improve methods of distribution and merchandising.

As heretofore, the messages will go to the public through newspapers, magazines and street car cards, as these are the proven means of reaching the attention of the greatest number of readers the greatest number of times. The women's magazines are employed as a means of appealing especially to the housewife who does most of the fruit buying, while the newspapers and car cards carry their messages to a large number of individuals in proportion to the expense. For the present season the assessment for advertising is the same as before, five cents a box on oranges and grapefruit, and ten cents a box on lemons.

As experience has shown the advisability of frequent repetition of printed messages and regular and continuous calls by salesmen, the advertising of Sunkist fruit is to be kept before the public in some form throughout the year.

By using a new and less expensive form of color illustration and cutting the size to half pages in some magazines, the Exchange will gain 14 per cent in insertions and 27 per cent in circulation. Black and white copy for advertising lemons will be increased, featuring the uses for beauty, for health and food, especially for acidosis. Service work with the trade and educational work with various groups will be carried on along the same lines as last year. An important line of the service work is in connection with the sale and use of Sunkist juice extractors, of which approximately 6,000 were sold last year as well as 10,000 Sunkist junior extractors for home use.

CRANBERRY EXCHANGE REPORTS SMALLER CROP

The size of the 1928 cranberry crop is given as 470,000 barrels, by the American Cranberry Exchange, New York City, in a final estimate. This figure compares with 483,000 barrels in 1927, 740,000 in 1926, and 590,000 in 1925. Of the total 1928 crop the Cape Cod growers produced 275,000 barrels; New Jersey, 130,000; Wisconsin, 50,000; and Oregon and Washington, 15,000 barrels.

On October 26 the Exchange had 152,000 barrels remaining to sell during the coming weeks, some thousands of barrels less than in any of the last three years. Opening prices were slightly higher than last year on some grades and the same as last year on others.

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SOWEGA MELON GROWERS MAKE CERTAIN CHANGES

The eighth season of the Sowega Melon Growers' Association, Adel, Ga., closed on October 10, 1928, with a business meeting of directors and members. Members came from all parts of the territory, some coming a distance of more than 150 miles to attend the meeting.

Reports showed that during the past season the association shipped 2,536 cars of melons which brought an average net price of \$136.23 for all cars of all grades, from all parts of the territory.

Several important matters of policy called forth much discussion. One matter was that of raising the revenue for operating expenses. The method employed has been to collect the funds on a percentage basis, but it was claimed that this was unfair as the cars selling for most money were penalized to help pay for handling the cars that sold for less. After thorough discussion the meeting approved the recommendation of the executive committee that "the retain to meet expenses be fixed at a certain amount per car, regardless of the quantity or value; the amount to be determined by past experience."

Another decision was to do away with the system of yard foremen and adopt a different plan of loading cars. The executive committee stated that the former system was a menace to successful packing and grading, offered chances for speculation, and created dissatisfaction. Under the plan adopted each member, or a group of members, will load the melons which he ships, or provide someone to do it for him. When loading is completed according to the regulations of the association, the inspector in charge will issue a check to pay for the cost of the work done. The amount to be paid for loading was fixed at \$6.50 per car, by unanimous consent.

The pear trees ordered by the association for its members are selling rapidly. A few members are planning to set from 100 to 500 acres, but the average is running a little less than ten acres per member.

MANITOBA DAIRIES PLANNING FOR BRANCH PLANT

The Manitoba Cooperative Dairies, Ltd., Winnipeg, is considering the question of a branch plant in the north central part of the province. Cream shippers in that section have been urging the association for several years to establish a plant at either Dauphin or Swan River. A number of meetings have been held and Dauphin selected as the more advantageous location, from the standpoint of possible volume. Now a membership campaign has been started to determine whether the producers in that vicinity really want to establish a plant of their own.

In case the Manitoba Cooperative Dairies establishes a branch plant at this point it plans to use the producer contract and also to establish local associations. Both will be contrary to past practices, but changing conditions and experience have convinced the management of the advisability of testing these methods.

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VERMONT CREAMERY HAS LONG RECORD OF SERVICE

A dairy association with a lengthy record is the South Peacham Cooperative Creamery Company, South Peacham, Vt., formed April 13, 1893, as a capital stock organization. A report for the year 1913 states that there were 31 stockholders and the authorized capital of \$3,000 was all paid in. Voting was on the basis of one vote for each share of stock. Dividends were paid on capital, and expenses of making butter were charged to the patrons and collected each month from the butter sales of that month. Sales for 1913 amounted to \$81,445.

Figures given below show in some measures the operations of the last seven years:

Year	Butter made (Pounds)	Gross sales	Paid patrons	Cost per lb.* (Cents)	Carried to sinking fund
1921	547,135	\$244,736	\$224,414	3.71	\$2,733
1922	-----	191,400	-----	----	-----
1923	427,105	212,442	198,868	3.27	2,135
1924	406,027	187,792	173,997	3.36	2,030
1925	365,191	176,405	163,739	3.41	1,821
1926	323,113	152,407	140,102	----	1,615
1927	334,744	175,450	162,841	3.67	1,747

\* Cost of churning, packing, transportation, etc.

On the first of January, 1928, the company was serving 25 shareholders and 115 patrons.

SUMMER POOL OF SOUTH DAKOTA WHEAT GROWERS

An announcement from the South Dakota Wheat Growers' Association, Aberdeen, S. Dak., states that members who delivered wheat to the summer pool of the association will receive \$1.20 per bushel for No. 1 dark northern, basis Aberdeen. All wheat received by the association between February 15 and July 31, 1928, was placed in the summer pool. Prices for other grades are as follows: No. 1 dark northern spring, \$1.202; No. 1 northern spring, \$1.182; No. 1 amber durum, \$1.102; No. 1 red durum, \$1.042. These prices do not include premiums which are to be paid at a number of points.

Hereafter instead of conducting winter and summer pools, the association is planning to handle all deliveries in one annual pool.

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INDIANA EQUITY REPORTS STEADY BUSINESS

"Never missed a dividend paying date in the past eight years," is the record reported by the Woodburn Equity Exchange, Woodburn, Ind. During that period the Exchange has paid back to its members a total of \$37,774, and the annual net earnings have averaged \$4,721.

Sales for the year ending May 31, 1928, totaled \$236,624, net earnings were \$4,178, and net worth at the end of the year was \$27,947. This included \$22,875 share capital, and \$5,072 surplus.

The company was formed in 1917 and now has 149 shareholders and 300 patrons. It operates an elevator and feed mill, also handling coal, seed and livestock. Available figures showing some of the results of the work of the association, are given below:

Year	Sales	Net earnings	
		Total	Per \$100 invested
1921	\$150,000	\$5,232	\$23.28
1922	-----	3,735	16.81
1923	400,000	4,797	21.63
1924	245,249	4,126	16.83
1925	-----	3,903	17.25
1926	-----	3,913	17.13
1927	-----	7,877	34.48
1928	236,624	4,187	18.33
Average		\$4,721	\$21.03

COMPOSITE REPORT OF GROUP OF FARMERS' ELEVATORS

By combining the annual reports of 46 farmers' elevators, the Equity Cooperative Auditing Association, Aberdeen, S. D., has made up a composite statement covering the operations of the past year. All of the associations are operating in the Dakotas. The statement shows that this group of elevator companies made gross sales averaging \$227,476; the average trading profit was \$13,953; miscellaneous items brought the average gross income to \$15,530; and deductions for expenses, depreciation, interest, etc., left average net earnings of \$7,719.

The financial condition of the group is also shown. Average net worth was \$20,357, consisting of capital stock, \$14,184; and surplus and undivided profits, \$6,173. Fixed assets averaged \$18,692, and depreciation reserves, \$3,410.

Net earnings amounted to approximately 38 per cent of net worth. Debts receivable averaged \$5,908 and the auditors sound a note of warning to the companies for carrying so large an amount in outstanding debts, especially as approximately 92 per cent of the average net worth is invested in fixed equipment.

Figures showing gross profits on sales are as follows:

<u>Cents</u>			
Wheat, per bushel ....	6.19	Coal per ton .....	\$1.33
Durum " " ....	4.69	Twine per cwt. ....	1.10
Barley " " ....	6.83	Flour " " ....	.31
Rye " " ....	8.05	Feed " " ....	.26
Oats " " ....	6.99	Implements, per cent on account of sales	15.56
Flax " " ....	8.99		
Corn " " ....	5.86		
Average handling cost per bushel ....	3.50		

The accountants state that the records of some of the best and of the poorest elevators in the two states were included in the report, also that, while the past year was a good one, some of the companies will need at least another such year to reach a sound financial position.

The Cooperative Auditing Association proposes to issue a similar statement each year, in order to keep a record of the trend of conditions in the section, and also to serve as a guide by which elevator managers may check the efficiency of their own organizations.

COOPERATIVE LIVESTOCK BUSINESS INCREASES AT COLUMBUS

In a little less than three years the volume of business handled by the Central Ohio Cooperative Association, Columbus, has increased by more than 100 per cent. This association began operating the stockyards on the eastern outskirts of Columbus on October 15, 1925. During the first business year, consisting of  $11\frac{1}{2}$  months, the association handled 2,313 consignments of livestock, consisting of 18,385 animals. These animals had a sales value of \$488,289. For the year ending September 30, 1928, a total of 5,552 consignments were received. The animals handled numbered 37,730 and had a sales value of \$866,809.

Consignments for the third year were 140 per cent larger than for the first, the number of animals handled was 105 per cent greater, and the total weight of the animals was 128 per cent larger for the last year than the first. The increase in the number of animals of different kinds handled in the third year as compared with the first was as follows: cattle, 409 per cent; calves, 216 per cent; sheep, 114 per cent; hogs, 73 per cent.

The number of consignments, and total weight of animals received for each of the three business years were as follows: 1925-26, 2,313 consignments weighing 4,270,421 pounds; 1926-27, 3,366 consignments, 6,117,180 pounds; 1927-28, 5,562 consignments, 9,723,695 pounds.

The number of animals of each kind handled each year and the total number received were as indicated below:

Business year*	Hogs	Cattle	Calves	Sheep	Total animals	Sales value
1925-26#	13,912	846	1,501	2,126	18,385	\$488,289
1926-27	20,375	2,989	2,434	3,254	29,052	559,398
1927-28	24,126	4,305	4,745	4,554	37,730	866,809

\* Ending September 30.

# Eleven and one-half months.

This association is operating a small-scale, terminal-market, sales agency. Animals are delivered by producers at the association yards, and are largely sold to local packers and butchers. A small quantity of the livestock received is shipped to the larger terminal markets.

The Franklin County Service Company, a farm bureau organization for handling farmers' supplies, has its offices with the livestock association and carries its stock of fertilizers and feeds at the stockyards, thus making it convenient for producers to take home supplies after delivering livestock.

COOPERATIVE MARKETING OF TURKEYS IN WYOMING

Turkey raising is becoming a business of increasing importance in a number of sections of the State of Wyoming. While Fremont County is not the largest producing section, the development of the work in that county has been rapid. The following figures compiled by the county agent show the weight of turkeys marketed cooperatively in each of the past four years, with the sales values:

Year	Turkeys marketed cooperatively	Prices received
	(Pounds)	
1924	60,000	\$15,000
1925	90,000	35,000
1926	140,000	56,000
1927	200,000	80,000

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GROWTH OF UTAH POULTRY COOPERATIVE

For the year ending December 31, 1927, the Utah Poultry Producers' Cooperative Association, Salt Lake City, reports that it transacted business to the amount of \$3,850,000. Of this total, approximately \$1,000,000 was for supplies handled, consisting largely of poultry feed and crates. Since the association was organized in 1923, it has expanded rapidly. The membership has grown from 750 to 1,763, and the volume of business has increased from \$800,000 in 1923 to the figure given above.

Sales of eggs and poultry for the past four years have been reported as follows:

Year	Eggs		Live poultry		Dressed poultry	
	Cases	Value	Pounds	Value	Pounds	Value
1924	130,536	\$1,267,374	11,374	\$22,315	-----	-----
1925	105,066	1,232,453	-----	-----	-----	-----
1926	115,852	1,416,950	245,000	64,200	81,700	\$ 21,500
1927	169,200	1,522,800	445,289	100,943	292,058	119,674

A recent inspection of the eggs in all the warehouses of the state showed that there has been a gradual improvement in the quality of Utah eggs, and the manager is convinced that with the cooperation of the members it will be possible to receive a large percentage of extras the year round.

NEW HIGH RECORD FOR TENNESSEE COTTON ASSOCIATION

When members of the Tennessee Cotton Growers' Association, Memphis, delivered 1,612 bales of cotton on October 22, they established a new high record for deliveries in one day. Previously the record day was one in which the association received 670 bales. Up to October 15 the association had received 7,636 bales of 1928 cotton. On the same date last year the receipts totalled 2,821, and two years ago, 2,456 bales.

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LARGE DELIVERIES TO OKLAHOMA COTTON ASSOCIATION

Monday seems to be the big day for the Oklahoma Cotton Growers' Cooperative Association, Oklahoma City, with Monday, October 15, the largest of all. On that day the association received 10,686 bales of cotton, the largest number of bales ever delivered to the association in one day. Other Mondays in October have the following records; October 1, 7,484 bales received; October 8, 8,270 bales; October 22, 10,008 bales.

At the close of business on October 23, the association had received 157,359 bales, compared with 36,087 on the same date last year.

The early deliveries are due in part to favorable weather conditions throughout the state, making it possible to harvest a large part of the cotton in one picking.

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GEORGIA COTTON ASSOCIATION REPORTS HEAVY DELIVERIES

Members of the Georgia Cotton Growers' Cooperative Association, Atlanta, are delivering more cotton to the association than in 1927 although the harvesting season is later than last year. Two thousand bales came in on one day, October 15, more than has been received in any one day during the past two seasons, and more than three times as much as was delivered any day last season. The management expresses the opinion that the peak of the season has not yet been reached. Reports of ginnings show that the association is receiving twice as large a percentage of the total ginnings as it received last year in the same period, and the quantity already delivered is approximately as much as for the entire 1927 crop.

The association is advancing 12 cents a pound to its members for pooled cotton of all grades.

Members are taking advantage of all the pools, some preferring the regular seasonal pool, others shipping their cotton to the optional pool to be sold later, and still others ordering their cotton sold on arrival.

ALABAMA COTTON ASSOCIATION INCREASES ADVANCE

The Alabama Farm Bureau Cotton Association, Montgomery, has increased its initial advance on 1928 cotton from 12 cents to 13 cents a pound and states that it intends to keep the advance in line with market conditions. Cotton is coming into the association at the rate of from 700 to 1,500 bales a day, and more than 12,000 bales had been received on October 9.

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FIFTH ESSAY CONTEST OF OKLAHOMA COTTON ASSOCIATION

"Cooperative Organizing, Standardizing and Merchandising" is the subject announced for the annual essay contest of the Oklahoma Cotton Growers' Association, Oklahoma City, and the American Cotton Growers' Exchange, Dallas, Tex. As on former occasions the contest is open to school boys and girls, not over 21 years of age, who have had not more than a high school education. County, district, state, and national prizes, consisting of cash, medals, or educational trips, are offered to the contestants. Each winner of a county prize will go to one of the normal schools of Oklahoma to compete for the district prize, and the district prize winners will compete for the state prize, and those who win state prizes will be eligible for the national competition. A separate contest on the same lines will be conducted for Negro boys and girls.

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WISCONSIN TOBACCO POOL SETTLING FOR 1927 CROP

The Northern Wisconsin Cooperative Tobacco Pool, Madison, has promised its members final settlement for all northern tobacco of the 1927 crop early in November. All sorting and stemming tobacco from the northern districts was sold in the bundle and the growers received nearly full payment soon after delivery. Now they will receive their final checks, accompanied by the final statements and certificates of indebtedness. Growers who delivered less than 2,000 pounds of tobacco will receive the half cent per pound in cash instead of in the form of a certificate of indebtedness, as the management has adopted a custom of issuing no certificates for less than \$10.

Growers in the southern district will receive full settlement for their 1927 stemming tobacco, but a part of the sorting tobacco was assorted and packed, and final settlement can not be made at this time. Certificates of indebtedness and a letter of explanation will be sent with the checks.

AGRICULTURAL COOPERATIVES IN CZECHOSLOVAKIA

A recent communication from a correspondent in Czechoslovakia describes the Central Union of Agricultural Cooperative Societies at Prague, which this year is to celebrate the completion of 30 years of work. An agricultural crisis in 1897 led to the organization of the Central Union to unite and supervise the credit unions and serve as a central bank. Later the Union extended its program and became a center for various branches of agricultural cooperation, and now is also the central propaganda organization for all agricultural cooperatives, carrying on lectures and courses of instruction, publishing leaflets and magazines, and more recently using motion picture films, specially prepared. It supervises the operations of its member societies, receives deposits and makes loans, and is also the center of commercial activity.

At present the membership consists of 1,711 credit societies of the Raiffeisen type, 105 cooperative warehouses and buying cooperatives, 276 purchase and sale cooperatives, 113 machine cooperatives, 739 societies for distribution of electrical power, and 372 miscellaneous cooperatives, a total of 3,069 societies. This is about one-fifth of all cooperative societies in Czechoslovakia, and more than one-third of all in Bohemia, Czechland proper.

During 1927 these societies had a turnover of nearly \$495,000,000 and a balance of about \$46,000,000 at the close of the year. Liabilities of the Union included deposits of different cooperatives to the amount of \$35,000,000, and reserves of about \$3,270,000.

The Central Union, as a banking institution, is not allowed to carry on trading operations. However, by means of subsidiary organizations, it transacts a large volume of business. An organization of warehouse and purchase and sale cooperatives, known as "Kooperativa," sold over 81,200 cars of products for more than \$16,000,000 in 1927. In the same year the association handling dairy products sold 30 cars of butter, 8 cars of cheese, 8 cars of curds, and 250,000 dozens of eggs. The organization for supplying the cooperatives with electric power and installing equipment, had a turnover of \$8,700,000.

In addition to its activities along the lines of banking and trade, the Central Union serves as a coordinating and conciliating agency for the affiliated societies of different nationalities. This work is carried on by another subsidiary called "Centrocooperative," which has now been in operation seven years.

Liquidated Damages Not Allowed

The case of the Sun-Maid Raisin Growers of California v. Paul A. Mosesian & Son, Inc., 265 P. 828, was recently decided by the District Court of Appeals, Third District, California.

The Sun-Maid Raisin Growers of California, a cooperative organization, brought suit against Mosesian & Son to recover liquidated damages which it contended were due under a contract entered into about April 25, 1923, by the company and the Sun-Maid Raisin Growers, a profit corporation, which had assigned the contract to the plaintiff under a provision in the contract permitting such assignment to a cooperative association in the event of the organization of such an association under the laws of California.

The contract stipulated that the Sun-Maid Raisin Growers "agrees to properly manufacture and pack said raisins and thereafter sell them as rapidly as possible and pay the proceeds" over to Mosesian & Son; that the raisins purchased from the latter should be pooled and sold with raisins of like quality purchased from other persons with whom the Sun-Maid corporation held similar contracts.

With reference to liquidated damages the contract stated:

The parties hereto fully understanding and admitting that it will be impracticable or extremely difficult to fix actual damages to the buyer, which will result from the breach of this contract by the seller,

agree that the seller will pay the buyer the sum of 3 cents per pound as liquidated damages for all raisins covered by the contract.

In the lower court, the Sun-Maid Raisin Growers merely introduced the contract, contending that the contract was sufficient without further proof, and did not show the circumstances surrounding its execution which might serve as a basis for a finding of liquidated damages. That court found that it was not impracticable to ascertain the damages suffered, and since no damages were proved, judgment was entered for Mosesian & Son.

With respect to whether or not Mosesian & Son could be regarded as a member of the Sun-Maid Raisin Growers of California, the cooperative organization, the following is quoted from the assignment made to it by the Sun-Maid Growers:

But second party shall not be deemed by reason of this instrument or anything contained herein, or on any other ground, or for any other reason, to have accepted any of said applications for membership.

On appeal the court stated that while a number of questions were suggested by the record, the only one it needed to consider was the failure of the Sun-Maid association to make out a case justifying the

allowance of liquidated damages. It stated further that the law in the State of California is well settled that the allowance of liquidated damages or the enforcement of a clause in a contract providing for liquidated damages, is a matter of pleading and proof, and that there must be proof of the circumstances attendant upon the execution of the contract from which the court may make its findings of the impracticability of fixing damages otherwise. Reference was made to an earlier case in that state in which it was held that even though the parties to the contract for liquidated damages have agreed that it would be impracticable and extremely difficult to fix actual damages, such stipulation can not be enforced if the facts do not support it.

The court said that so far as this action was concerned it was simply one in which a cooperative association was seeking damages from one who was not a member because he refused to be bound by a contract made by him with a corporation organized for profit, of which contract the cooperative association had become the assignee. Further:

There is a marked distinction between cases such as the one with which we are dealing, where the defendant entered into a contract for the sale of grapes with a corporation organized for profit, and one where the contract exists between members of a cooperative organization. The life and continuance of the latter corporation is a matter of consideration in fixing damages in the event of a breach of any of its members to comply with his contract or the by-laws or articles of incorporation of the cooperative association. In the case at bar we are simply dealing with an ordinary contract for the sale of grapes. By the very terms of the instruments which we have referred to herein, the defendant was not accepted as a member of the cooperative association and there is no proof in the record whatever of such membership ever having been established.

The buyer's measure of damages for the seller's breach of ordinary contract to sell under sections 3308 and 3354 of the Civil Code of California is the difference between the value of the property to buyer over the amount which would have been due to seller under the contract if it had been fulfilled, and the value of the property to buyer is the price at which he might have bought such product in the nearest market.

Concluding, the court said that since the Sun-Maid Raisin Growers of California introduced no proof upon which the trial court could base a finding awarding liquidated damages, the judgment in favor of Mosesian & Son must be affirmed.

H. M. Bain.

USE OF SURVEYS IN TEACHING AGRICULTURAL COOPERATION, NO. 3.

The first test of the efficiency and probable success of an association is its plan of organization and business set-up. A survey made to determine whether or not an association is soundly organized should give information that is helpful in the teaching of cooperative marketing, that will give members a clearer understanding of the way in which their associations are organized, and that will enable them to discharge their responsibilities intelligently. Such a survey need not be undertaken in a spirit of criticism, but rather as a service to both the members and officials of community associations. The following outline is suggested:

1. Is the association incorporated? There are some definite advantages in incorporation, and, in general, only the smallest and most informal of local organizations can afford to dispense with incorporation.

2. Is the association incorporated under the best law? Some successful associations are incorporated under a "general corporation" law. However, these laws generally make no provision for the organization of nonstock associations, and, further, they usually provide that a stockholder shall have one vote for each share of stock that he owns. Often-times, also, it is difficult under these laws to restrict the sale and transfer of stock certificates. In a cooperative association, it is advisable to keep stock in the hands of active numbers. Special laws providing for the incorporation of cooperative associations have been passed in all but two states.

3. Do the articles of incorporation state correctly and completely the purposes and powers of the association? The purposes and powers of the association are described and limited by the law under which it is incorporated and its articles of incorporation. It is essential, therefore, that the articles of incorporation should completely describe the activities which it is proposed the association shall conduct. At the same time, it is a mistake to describe the detailed operations of the association in the articles of incorporation, or to impose unnecessary restrictions on the members or directors.

4. Do the by-laws provide a workable plan for carrying on the business of the association? The by-laws should provide for methods of electing directors and officers, when and how often meetings of members and directors shall be held, and should outline the duties of directors and officers, and, in fact, all plans and policies of the association which are not left to the board of directors.

The cooperative features of the association presumably are safeguarded by the law under which the association is incorporated, its articles of incorporation and by-laws. Two principles are so fundamental, however, that they will be considered separately.

(a) Is provision made for control of the association by its members? This has been done in all successful associations. There may, however, be conditions under which control of the association passes out of the hands of the members, and the cooperative nature of the enterprise is destroyed.

Danger of the members losing control of the association is present in capital stock organizations where share voting is permitted, unless provision is made to keep stock ownership proportional to patronage, and the ownership of stock by nonmembers is restricted.

(b) Is provision made for the distribution of earnings on the basis of patronage? An organization can hardly be classed as cooperative, if the greater part of its earnings are paid out as dividends on capital stock. The practice of paying large stock dividends creates a conflict of interest within the association.

5. Is the association organized and operated so as to comply with the provisions of the Capper-Volstead Act? State laws generally have exempted cooperative associations from the provisions of state anti-trust laws. The Capper-Volstead Act, which was passed by Congress early in 1922, provides that farmers may act together in associations "in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce such products of persons so engaged," and states the requirements which such associations must meet in order to be considered cooperative under the act. Although an association which does not comply with these provisions may not be in danger of prosecution, still as a matter of precaution the organization and operation of a cooperative association should be in harmony with the Capper-Volstead Act.

6. Is the business structure of the association adapted to the product which it handles and the conditions under which it operates? Successful associations are not necessarily uniform in structure. Some are formed with local associations which grade and pack the product; others are centralized organizations. Some operate warehouses and plants, while others function solely as sales agencies. The structure of the association should be analyzed with regard to the work it has to do, the class of customers to which it sells, and the needs of its members.

7. Is the association set up so as to perform those services for which there is the greatest need? The general plan of organization should provide for a proper division of functions, and place the greatest emphasis on the most important services. The greatest need of the cotton growers, for example, is proper classing and selling of their cotton. In a cooperative creamery organization, on the other hand, production of a high-grade product is equally as important as the development of efficient selling. There should be a balance between the various activities of a successful association.

In general a loose plan of organization is an indication of loose and careless business methods. Members should demand that their association prepare and follow a sound plan of organization, and the agricultural teacher can be of service to the community by pointing out where and how local associations can be improved in this respect.

A. W. McKay.

SUGGESTED READINGS FOR COOPERATORS, No. 7

"The Mission, History and Times of the Farmers' Union," by C. S. Barrett (Marshall & Bruce Co., Nashville, 1909), will be of interest to many readers. The author, a Georgia farmer, has been national president of the Farmers' Union since 1906 and has also held many prominent positions in public life. He was a member of President Roosevelt's Country Life Commission, and of President Wilson's Commission of Industrial Relations; represented the Farmers' Union at the Peace Conference in Paris in 1919; and was a delegate to the International Institute of Agriculture, Rome.

The idea of the Farmers' Educational and Cooperative Union was conceived by Newt Gresham, a poor man who had a vision of a way in which he might help his neighbors out of their poverty. He formed the first local at a schoolhouse at Smyrna, Texas, September 2, 1902, with ten members, all of whom owned or rented farms. The purpose of the new organization was ".... to assist them in marketing and obtaining better prices for their products, for fraternal purposes, and to cooperate with them in the protection of their interest ...."

From this humble beginning the order soon spread to adjoining counties, then to other states, and when this book was written in 1909, there were 22 state organizations and many business enterprises. While the book is verbose, it is an authentic history of the early years of the order, presented in picturesque and vivid language.

By acquiring a million members in one year the American Farm Bureau Federation made the most astonishing growth of any of the national organizations of farmers. O. M. Kile, who wrote "The Farm Bureau Movement" (The Macmillan Company, 1911), considers this not as a sudden outburst of a new enterprise but as one phase of the long, slow progress of the "agrarian crusade" by which the farmers have been fighting some sixty years for rights and privileges equal to those enjoyed by other classes.

Mr. Kile is an agricultural economist and writer. He has been a lecturer in the agricultural extension division of Ohio State University, agricultural editor and lecturer at West Virginia University, and assistant representative of the American Farm Bureau Federation in its office at Washington, D. C.

The author states that his work is not primarily a history of the farm bureau, but an effort to present a true picture of the organization and compare it with others of the past and present. He traces the demand for and development of education along lines of practical farming through the farmers' clubs, farmers' institutes, the extension divisions of the agricultural colleges, the demonstration trains, the demonstration agents and county agents, the county farm bureaus, then the state federations, and the national organization.

The book is ably written, very readable, and a valuable contribution to the literature on farm organization.

FARMERS' UNION MUTUAL LIFE INSURANCE IN NEBRASKA

Nebraska agents of the Farmers' Union Mutual Life Insurance Company, Des Moines, Iowa, will hereafter carry on their work subject to the approval of the board of directors of the Nebraska Farmers' Union. An agreement to this effect was reached at a meeting held in Omaha, September 28. Hereafter Nebraska agents will become members of the Farmers' Union and will write insurance only for persons who are members of that organization.

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OHIO FARMERS HAVE MUTUAL AUTO INSURANCE COMPANY

More than 40,000 Ohio farmers are taking advantage of the protection offered by the Farm Bureau Mutual Automobile Insurance Company. In response to a demand for insurance at rates the farmers could afford to pay, the company started in business in April, 1926. It has developed rapidly and has demonstrated the practicability of carrying farm risks at modest rates. At present the company has resources in excess of \$850,000, and has extended its operations into West Virginia, Maryland and New Hampshire, at the request of the farm bureaus of those states.

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ASSOCIATION PROVIDES MUTUAL COMPENSATION INSURANCE

Mutual compensation insurance is the chief function of the Brown County Threshermen's Protective Association, Aberdeen, S. Dak. This association was formed by a group of threshermen as a means of reducing the cost of insurance in connection with the workmen's compensation law. One indication of its success is its growth in 11 years from 60 members to over 400. The membership now extends into a number of other counties.

When the association was organized each member put in \$100, and from this sum was deducted each year the necessary amount for meeting losses and paying expenses. These assessments have ranged from \$7.54 to \$17.40, with an average of \$11.72. This method provides the necessary capital to comply with the law and nearly eliminates the expense of making collections. Each new member contributes \$100 when he joins, and each year after the assessment is deducted, the deduction is replaced by the member, bringing his deposit back to \$100, before a certificate for the coming year is issued to him.

As the association was organized to pay losses and not dividends, it has established a record for speedy and satisfactory adjustment of claims. During the past year there were claims for 53 accidents, of which 32 were hospital cases. The assessment for the year was \$10.65.

BOOKLET TELLS OF CONSUMERS' COOPERATION

"Why Cooperation," a booklet by George Halonen (Workers' Library, New York City), tells of the Consumers' Cooperative Movement in the U. S. A. After reviewing some early history, beginning with a store in Boston in 1845, the writer traces the development of the present movement of which he finds the cooperative retail grocery store the most popular and important feature.

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A MICHIGAN BULLETIN ON COOPERATION

"Farmers' Cooperative Buying and Selling Organizations in Michigan," is the title of a bulletin recently issued by the Michigan State College of Agriculture and Applied Science. It is a publication of 104 pages, prepared very largely by C. F. Clayton as a result of a study of data collected from 486 associations for the years 1923 and 1924. The greater part of the original data were obtained by personal visits to the headquarters of the various enterprises. Considerable information rarely obtainable by the questionnaire method was secured and used in preparing both the text and tables of the bulletin. Among the subjects considered, which rarely have been included in previous studies, are: area covered by associations, sources of business, reasons for pooling, days livestock is shipped, difficulties of associations, methods used in overcoming difficulties, and outlook for cooperation.

Special sections of the bulletin are given to types and distribution of associations, legal and economic aspects, and management problems.

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INTERNATIONAL POOL CONFERENCE PUBLISHES PROCEEDINGS

The "Proceedings of the First International Pool Conference which includes the Third International Wheat Pool Conference," fill a volume of 182 pages. For some readers the title needs an explanation. An international wheat pool conference was held in St. Paul in 1926, a second one in Kansas City in 1927, and a third in Regina, Sask., in June, 1928. Before the third conference met it seemed desirable to enlarge its scope to cover other commodities as well as wheat. Accordingly the name of the conference was made more inclusive by dropping the word "wheat," and the meeting was called the First International Pool Conference although the major part of the three days' program dealt with handling wheat.

Distinguished speakers from a number of countries addressed the meetings, and the speeches and discussions are presented in the proceedings.

Sub-conferences were held for members interested in pooling live-stock, dairy products, wool, poultry products, and registered seed, and these meetings are reported in somewhat less detail.

REPORTED BY THE ASSOCIATIONS

The Canadian Cooperative Wheat Producers, Ltd., Winnipeg, has announced an increase of six cents per bushel in the initial advance on oats, effective October 22. This brings the first payment on 2 C. W. oats to 40 cents per bushel in store, Fort William.

Three new motion picture films, prepared to call attention to the products of the Cooperative Wholesale Society, Manchester, England, are being shown in a large number of theaters of that country. "The Cup That Cheers" tells of the immense tea industry of the Society; "Bubbles" carries the story of the C. W. S. soap; and "The Magic Basket" deals with a subject of interest to every housewife.

All wheat grown in Queensland, Australia, is automatically insured against damage from hail under the provisions of the Queensland Wheat Board's cooperative hail insurance scheme. This protection extends from the time of coming into ear until the first of January, but does not cover any crop which is beyond harvesting condition. Notice of damage must be given in writing within 48 hours after a storm.

One hundred twenty-four new associations incorporated under the cooperative associations act of Manitoba during the first nine months of 1928, nearly doubling the number in the province. Of this number 75 were pool elevator associations, 30 were consumers' associations, 16 were livestock associations, one was an association for marketing seed oats, one for marketing hay, and one for marketing fish.

The Pacific Cooperative Poultry Producers, Portland, Oreg., has recently joined forces with other poultry associations of neighboring states to market its eggs through the Pacific Egg Producers Cooperative, Inc., New York City. This makes the fifth large organization to become a member of the sales agency. The others are: the Poultry Producers of San Diego, the Poultry Producers of Southern California, the Poultry Producers of Central California, and the Washington Cooperative Egg and Poultry Association.

Leaders of the cooperative movement in England are considering the matter of issuing a daily newspaper to develop and strengthen their interests. To carry out the enterprise the cooperation of every society and every individual cooperator is needed. An article in The Cooperative News, Manchester, states: "We have the reading public, we have the means of distribution, we have the capital available, we have brains in the movement in plenty. What is needed is a great mobilisation of all these forces for the common good so that cooperation may bring in the golden era its pioneers conceived."

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